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The Business and Industrial Outlook

THE outstanding news events in the business world during the past two months are found in the organization of the Reconstruction Finance Corporation and the proposed amendment to the Federal Reserve Act (described in detail on another page of this issue). On January 5, an upswing in the stock market was occasioned by the proposed Reconstruction Corporation. This upward movement continued to January 15 when a downward reaction set in which carried the market slightly below all previous lows. It will be remembered that the National Credit Corporation caused an upward movement in October. A new and rapid rise in the market began on February 11 as result of the organization of the Reconstruction Corporation and the proposed amendment to the Federal Reserve Act, and in two business days average prices reached almost to the top of the January rise. The renewal of bank failures and the continuation of the decline in business activity in January were the chief causes of the termination of the market rise during the first half of the month. While the two new measures of the Administration at Washington will doubtless be more potent in stopping bank failures and checking liquidation than was the National Credit Corporation, it is expecting too much to assume that they will also cause a rapid upturn in business activity. The technical market movements in which stock prices have risen successively and later returned to about the same bottom as that previously reached leads to the hope that the market may have already reached near to its low for this depression, but that further delay in the upturn in business activity will cause a downward reaction carrying this market close to the previous lows seems to be a strong probability. It is, of course, not possible to foresee what might be the result of a further demoralization of the economic situation growing out of an adverse turn of affairs in Europe or in the Far East. Our fortunes are inextricably associated with these world developments and attempts to shield this country from the repercussions of economic distress abroad or international demoralization of the economic system cannot be more than partially successful.

As already stated banking contraction continued in January, both loans and deposits falling more than the normal decline in the period. Moreover, money in circulation declined less than the normal decrease in January, showing a continuation of the hoarding movement. This situation was doubtless responsible to some extent for the organization by the National Administration of an anti-hoarding campaign. It seems probable that this campaign will have little effect and that such decline in hoarded funds as may develop will be due to such measure of success as may attend the Reconstruction Finance Corporation's operations in coming to the relief of the credit structure. The rediscounts of member banks increased somewhat in January and there was less than the normal January decline in the investments of the Federal Reserve in U. S. bonds. The effect of the heavy gold withdrawals of the Bank of France was offset largely by the passage of the Reconstruction Finance bill and the proposed liberalization of the Federal Reserve Act. The threat of further withdrawals of a large amount of gold by France has been removed from the adverse factors overhanging the market by the proposed amendment to the Federal Reserve Act.

The foreign trade of the United States continues to decline and there is little prospect of an early revival. The 1931 figures show that our total exports were only about 46 per cent of those in 1929 or about $2.8 billion under the 1929 figures and $1.4 billion under the 1930 figures. These losses constitute a material factor in the present depression, and it will be difficult to offset these losses in a revival of domestic trade.

While there was some revival in automobile production in December and January, the delay of the Ford Company in getting into production was generally believed to have retarded sales and prevented forward orders of steel which were expected to appear. Automobile sales in Ohio in January, as shown by bills of sale filed, showed more than the normal decline from December. The new Ford will probably be on the market in March and more than the normal improvement may be expected to develop in automobile sales at that time. The production of parts and the demand for steel will be favorably affected when the production program of Ford on the new model is fully developed.

The construction industry continues to show more than normal decline, notwithstanding the fact that it has already suffered larger losses than any other of the major industries. The total volume of construction in the United States in all lines in January was 61 per cent below that of January, 1931. In the fourth quarter of 1931, the volume of construction in Ohio showed a decline of 43 per cent from that of the same quarter in 1930. The decline in industrial building and educational building in Ohio in the fourth quarter of 1931 from the corresponding quarter in 1930 exceeded 80 per cent. It is interesting to note that the State seems compelled by budgetary considerations to intensify the contraction and distress already occasioned by industrial contraction. The theory of using public works as an offset to business and industrial decline has had a complete collapse in Ohio. Unless such a program is carried out by bond issues, it does not seem to be a tenable program on account of the decline in public revenues growing out of the depression.

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The production of pig iron and finished steel in January both failed to show the normal improvement from December, and the outstanding orders of U. S. Steel fell to a new low for the postwar period. The prices of pig iron, steel, and scrap all showed a decline in January from December. In the first two weeks of February, the dull period continued with some tendency to further decline. There were some hopes of improvement to grow out of railroad orders as a result of loans to the railroads by the Reconstruction Finance Corporation and from an increased activity in the automobile industry resulting from an increased production of the new Ford models.

Wholesale prices showed a further sharp decline in January, the decline appearing in all classes of commodities except textile and fuel products. The decline in wholesale prices and in the prices of manufacturers is now attracting widespread attention. Unless this decline is checked, manufacturing and industrial failures are likely to show increase and seriously disturb the business situation. That prices are in many cases below the costs of production is a widely recognized fact. This situation has lead to various bills in Congress intended to modify the destructive competition which has grown out of the general overcapacitation of industry and the decline in demand for products. The general direction of Congressinal action in recent weeks, when considered in the light of the general fear of radical and destructive legislation growing out of the present session, is an interesting comment on how our theories concerning the dangers of congressional action find ample contradiction in the presence of a great emergency.

While the index of business and industrial activity and of employment in Ohio showed further decline in January, the measures adopted and proposed by the Federal Government to check the rate of bank failures and restore the liquidity of credit institutions are very encouraging developments. While it may take these institutions some time to recover from the contraction complex, which has developed out of the period of liquidation, it may be fairly expected that in time the optimistic expressions frequently emanating from banking circles may be followed by a lending policy that will give some business and industrial effect to this optimism. If the present wave of contraction can be arrested, it is possible that in time constructive forces may have some opportunity to assert themselves in a period of restoration.

SPURGEON BELL, *Director*

Business Conditions in Ohio and Ohio Cities

Ohio Bank Debits

Bank debits in Ohio increased 11 per cent in January from December as compared with a usual seasonal condition of stability in January, but were 38 per cent less than in January, 1931 (Table VIII). Bank debits in the United States outside of New York City increased 3 per cent in January from December in contrast with a 5-year average January decline of 1 per cent. The total volume of bank debits in January in the United States outside of New York City was 22 per cent less than in January, 1931.

Employment in Ohio

The relative stability in employment in Ohio in December, due primarily to the December gain in non-manufacturing employment incident to holiday trade requirements, was not sustained in January, when the index of non-manufacturing employment dropped 12 per cent, and the index of manufacturing employment showed a contra-seasonal decline of 1 per cent. Total industrial employment in the State in January declined 3 per cent from December as compared with a 5-year average January decline of only 2 per cent. The January decline in the total was the result of declines in all the major types of employment, these declines amounting to 1 per cent in the manufacturing industry, 12 per cent in the non-manufacturing industries, and 14 per cent in the construction industry. The 1 per cent decline in manufacturing employment was in contrast with usual seasonal stability, and the 12 per cent decline in non-manufacturing employment was greater than the average January decline of only 9 per cent. The 14 per cent decline in the construction industry was, however, slightly less than the average January decline of 18 per cent. As compared with January, 1931, manufacturing employment declined 13 per cent; non-manufacturing employment, 12 per cent; construction employment, 35 per cent; and total industrial employment, 13 per cent.

Although in the aggregate there was a 3 per cent decline in the index of total employment in January from December, 289 of the 926 concerns reporting to the Bureau of Business Research reported employment increases in January, and 142, no further decline from December, while 2 of the 11 major manufacturing groups—the stone, clay and glass, and the miscellaneous groups—reported an increase in employment, and 2 other groups—the rubber products and the textile products groups—no change from the previous month. Seven of the 11 major manufacturing groups, however, showed employment declines in January from December. In 5 of these 7 groups, the January decline was greater than the usual seasonal decline or in contrast with either seasonal stability or a seasonal increase during the past 5-year period. In 2 of the groups reporting a decline in January—the food products and the lumber products groups—the decline of 3 per cent was slightly less than the average January decline of 4 per cent, indicating a slight seasonal improvement in these 2 major groups. The January gains, therefore, are limited to the contra-seasonal increases in the stone, clay, and

TABLE I
EMPLOYMENT IN OHIO INDUSTRIES
JANUARY, 1932
Average Month 1926 = 100
Source: Individual Reports of Cooperators

Industry	Index Jan., 1932	Change Jan., 1932 from Dec., 1931	Average Change Jan., from Dec., 1927–31	Change Jan., 1932 from Jan., 1931
		%	%	%
Total Manufacturing (672)*	70	— 1	0	— 13
CHEMICALS (21)	85	— 5	0	— 9
FOOD PRODUCTS (54)	103	— 3	— 4	— 4
Bakery (13)	111	— 2	— 3	+ 4
Miscellaneous (41)	100	— 3	— 4	— 7
LUMBER PRODUCTS (31)	59	— 3	— 4	— 13
Furniture (18)	65	— 9	— 5	— 8
Miscellaneous (13)	56	+ 6	— 2	— 17
MACHINERY (116)	75	— 2	0	— 16
Electrical Machinery, Apparatus and Supplies (29)	108	0	+ 2	— 2
Machine Tools (19)	51	— 5	— 3	— 28
Material Handling and Power Machinery (19)	51	+ 1	+ 1	— 35
Special Purpose Machinery and Appliances (49)	67	— 4	— 1	— 21
METAL PRODUCTS (168)	60	— 3	+ 1	— 15
Foundry Products and Drop Forgings (34)	59	+ 5	0	— 16
Pipe, Pumps, Valves, Plumbers' Supplies (19)	49	— 15	— 2	— 34
Screw Machine Products and Hardware (20)	56	— 2	0	— 10
Sheet Metal Work (24)	71	— 6	+ 1	— 25
Steel Works and Rolling Mills (16)	58	+ 1	+ 4	— 12
Stoves and Furnaces (16)	75	— 13	— 4	— 5
Miscellaneous (39)	68	— 3	— 1	— 8
PAPER AND PRINTING (52)	96	— 3	— 1	— 8
Paper, Including Stationery (11)	96	— 3	— 1	— 8
Printing and Publishing (27)	100	— 3	0	— 8
Miscellaneous (14)	88	— 4	— 4	— 6
RUBBER PRODUCTS (20)	65	0	+ 1	— 3
Tires and Tubes (10)	64	0	+ 1	— 6
Miscellaneous (10)	68	+ 2	+ 2	— 26
STONE, CLAY, AND GLASS PRODUCTS (68)	62	+ 2	— 8	— 11
Brick and Tile (26)	39	— 13	— 4	— 35
Glass (14)	120	+ 4	— 5	+ 13
Vitreous and Semi-Vitreous China and Pottery (12)	51	+ 12	— 7	— 12
Miscellaneous (16)	46	+ 9	— 17	— 19
TEXTILES (46)	84	0	+ 1	— 3
Men's Clothing (17)	97	+ 1	0	+ 1
Miscellaneous (29)	74	— 1	0	— 6
VEHICLES (53)	66	— 1	+ 8	— 24
Autos and Parts (40)	71	0	+ 10	— 22
Cars, Steam and Street Railway (6)	26	— 10	— 7	— 47
Miscellaneous (7)	48	— 8	— 7	— 30
MISCELLANEOUS MANUFACTURING (43)	92	+ 3	— 1	+ 4
Non-Manufacturing (88)	76	— 12	— 9	— 12
SERVICE (41)	102	+ 3	+ 1	— 4
TRADE (Ret. & Whse.) (33)	80	— 20	— 21	— 4
TRANSPORTATION AND PUBLIC UTILITIES (14)	83	— 2	— 1	— 14
Construction (166)	32	— 14	— 18	— 35
BRICK, STONE, AND CEMENT WORK (9)	27	+ 38	— 16	— 44
GEN. CONTRACTING (103)	25	— 17	— 17	— 47
PLUMBING AND STEAM FITTING (10)	66	— 6	— 11	— 41
STREET, ROAD, AND SEWER WORK (22)	46	— 21	— 40	+ 69
MISCELLANEOUS (22)	72	— 11	— 8	— 19
All Industries (926)	71	— 3	— 2	— 13

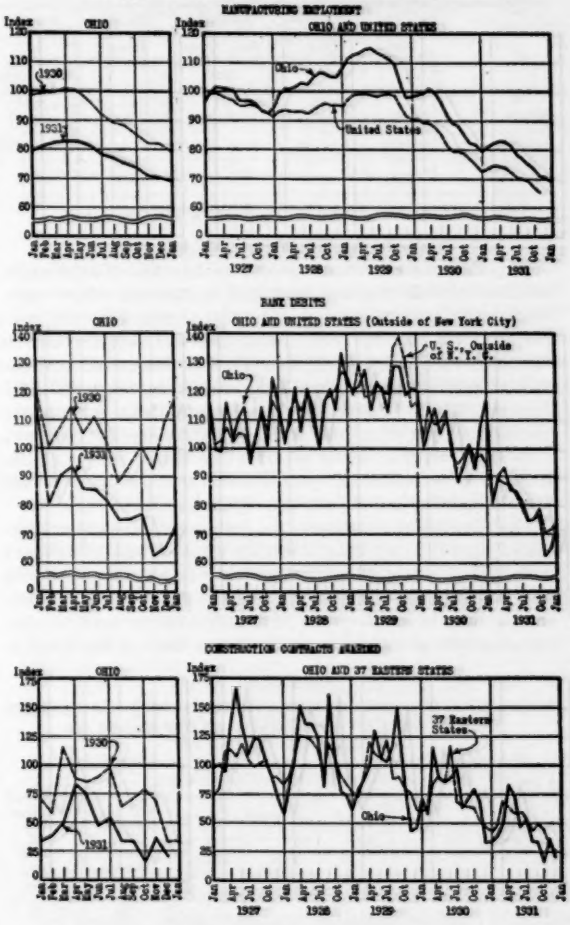
* Figures in parentheses indicate number of reporting firms.

glass and the miscellaneous groups, and to the less-than-seasonal declines in the food products and the lumber products groups. In the 7 groups reporting a decline from December, the declines ranged from 1 per cent in the vehicles group to 5 per cent in the chemicals group, and amounted to 2 per cent in the machinery group, and to 3 per cent in the metal products, the paper and printing, the food products, and the lumber products groups.

Ohio Construction Contracts Awarded

The low state of activity which has prevailed in the construction industry in Ohio since August was not relieved in December when the value of construction contracts awarded declined more than seasonally. The December decline from November amounted to 44 per cent as compared with the 5-year average December decline of 6 per cent. The total value of contracts awarded in December fell 38 per cent below the total for December, 1930. The decline in the value of contracts awarded was reflected in the continued decline in construction employment in January although the January employment decline was slightly less than the 5-year average decline. January employment, however, was 35 per cent below January, 1931.

CHART I
BUSINESS CONDITIONS IN OHIO
In Each Series Average Month 1926 Equals 100
Sources: Bureau of Business Research, U. S. Department of Labor, Federal Reserve Board, and F. W. Dodge Corporation



Industrial Consumption of Electric Power

The industrial consumption of electric power in Ohio was 5 per cent greater in December than in November although the 5-year average December increase is only 1 per cent. The December consumption of electric power by industries in the State, however, was 1 per cent less than in December, 1930. Three of the 4 cities shown in Table II, Akron, Dayton, and Youngstown, reported declines in the industrial consumption of electric power in December from November, and, except in the case of Akron, the decline was slightly greater than seasonal. In Toledo, December consumption of electric power was substantially unchanged from November, but during the past 5-year period, December has averaged an increase of 1 per cent from the pre-

vious month. As compared with December, 1930, electric power consumption by industries increased 4 per cent in Dayton but declined 7 per cent in Toledo, 14 per cent in Akron, and 18 per cent in Youngstown. For the year 1931 as compared with 1930, the industrial consumption of electric power declined 6 per cent in the State as a whole, 5 per cent in Toledo, 13 per cent in Youngstown, and 19 per cent in Akron. Dayton, however, reported an increase of 2 per cent in 1931 from 1930.

TABLE II

INDUSTRIAL CONSUMPTION OF ELECTRIC POWER IN OHIO

Average Month 1926 Equals 100

Source: Local Power Companies

City	Index Dec., 1931	Change Dec., 1931 from Nov., 1931	Average Change Dec., from Nov., 1926-1930	Change Dec., 1931 from Dec., 1930	Average Jan.-Dec., 1931 Change from 1930
		%	%	%	%
Akron	49	—11	—11	—14	—19
Dayton	117	— 1	0	+ 4	+ 2
Toledo	112	0	+ 1	— 7	— 5
Youngstown	65	— 8	— 2	—18	—13
STATE*	125	+ 5	+ 1	— 1	— 6

* Total power production from *U. S. Geological Survey.*

Automobile Bill-of-Sale Registrations

The December increase in automobile bill-of-sale registrations in Ohio was not sustained in January when registrations of both passenger cars and trucks declined from the previous month. New passenger car registrations in January were 36 per cent less than in December and the sale of new trucks declined 34 per cent as compared with January, 1931. Passenger car registrations in January declined 34 per cent and truck registrations 39 per cent.

In the 8 chief counties of Ohio the bill-of-sale registrations of new passenger automobiles declined 39 per cent from December and 32 per cent from January, 1931.

The Chevrolet increased its lead over the other low-priced cars in the 8 chief counties of the State in January with 34.4 per cent of total registrations as compared with 31.2 per cent in December. The Ford continued to hold second rank in January but with only 15.4 per cent of total registrations as compared with 21 per cent of the total in December. The Plymouth dropped to fourth rank in January, with 5.7 per cent of total registrations as compared with 7.9 per cent in December, giving third rank to the Pontiac. All but four of the various makes of cars shown in Table III experienced a sales decline in January from December. January sales increases were reported by the Essex, the Dodge, the Graham, and the Hudson. Compared with January, 1931, six makes reported sales increases in January of this year ranging from 2 per cent for the Graham to 104 per cent for the Plymouth, and amounting to 5 per cent for the Willys, 11 per cent for the Dodge, 4 per cent for the Buick, and 19 per cent for the DeSoto. As compared with January, 1931, Chevrolet sales in these 8 Ohio counties declined 4 per cent and Ford sales 65 per cent.

TABLE III

TOTAL BILL OF SALE REGISTRATIONS OF FIFTEEN LEADING MAKES OF NEW PASSENGER AUTOMOBILES IN EIGHT OHIO COUNTIES*

Source: Actual Registrations Secured from National Automobile Dealers' Association

Make of Car	Jan., 1932 Per Cent of Total	Number of Cars		Change Jan., 1932 from Dec., 1931	Change Jan., 1932 from Jan., 1931
		Dec., 1931	Jan., 1932		
				%	%
Chevrolet	34.4	1,346	907	— 33	— 4
Ford	15.4	904	407	— 55	— 65
Pontiac-Oakland	6.1	189	161	— 15	— 19
Plymouth	5.7	340	151	— 56	+104
Buick	4.8	252	127	— 50	+ 14
Essex	4.5	74	118	+ 59	— 5
Dodge	3.0	75	78	+ 4	+ 11
Willys	2.9	199	77	— 61	+ 5
DeSoto	2.9	126	76	— 40	+ 19
Oldsmobile	2.8	86	73	— 15	— 40
Studebaker	2.2	125	59	— 53	— 41
Graham	1.8	46	47	+ 2	+ 2
Nash	1.6	74	43	— 42	— 38
Auburn	1.5	43	40	— 7	— 72
Hudson	1.5	35	40	+ 14	— 34
Group Total	91.1	3,914	2,404	— 39	—
All Others	8.9	396	235	— 41	—
Grand Total	100.0	4,310	2,639	— 39	— 32

* Cuyahoga, Franklin, Hamilton, Lucas, Mahoning, Montgomery, Stark, and Summit.

TABLE IV

REGISTRATIONS OF NEW AUTOMOBILE BILLS OF SALE IN OHIO COUNTIES, JANUARY, 1932

(The Counties Listed Represent Over 80 Per Cent of the Population of Ohio)

Source: Clerks of Courts of Listed Counties

County	Passenger Cars			Trucks		
	No.	Change from Dec., 1931	Change from Jan., 1931	No.	Change from Dec., 1931	Change from Jan., 1931
		%	%		%	%
Adams	16	—	— 38	1	—	— 80
Allen	45	— 27	— 37	12	+ 9	— 29
Ashtabula	51	— 6	— 54	9	+ 50	— 36
Athens	19	— 62	— 59	6	— 54	— 40
Belmont	62	0	— 11	8	— 62	— 70
Brown	9	— 59	— 25	2	— 60	— 33
Butler	69	— 61	— 42	9	— 59	— 55
Carroll	7	— 56	— 59	3	0	— 50
Champaign	16	— 36	— 41	5	+ 25	+ 67
Cuyahoga	928	— 34	— 27	121	— 40	— 31
Darke	32	— 33	— 43	12	+ 20	+ 20
Defiance	17	— 26	— 59	3	+ 50	— 57
Fairfield	31	— 3	— 3	4	+ 33	+ 33
Fayette	10	— 47	+ 25	1	— 67	0
Franklin	361	— 46	— 31	25	— 55	— 56
Fulton	20	— 17	— 47	3	0	— 40
Gallia	13	— 43	— 58	2	— 71	— 75
Geauga	8	0	+ 60	2	0	+100
Guernsey	21	— 16	— 45	4	+100	0
Hamilton	490	— 50	— 32	132	—	— 45
Hancock	35	— 5	+ 46	3	0	— 73
Henry	17	— 19	— 26	5	+150	— 17
Highland	20	— 20	+ 54	4	— 20	0
Hocking	5	— 44	— 44	1	— 50	— 50
Huron	39	+ 22	0	8	+ 14	+ 14
Jackson	15	— 50	— 52	6	— 33	0
Jefferson	43	— 57	— 40	9	— 36	— 47
Lake	20	— 63	— 67	4	— 20	— 56
Lawrence	17	— 55	— 45	4	+ 33	+ 33
Licking	31	— 37	— 52	5	0	— 29
Logan	21	— 34	—	2	— 67	—
Lorain	81	— 16	— 31	9	— 40	— 64
Lucas	214	— 40	— 33	15	— 74	— 38
Madison	19	— 24	—	5	+ 25	—
Mahoning	95	— 5	— 39	8	— 53	— 58
Marion	34	+ 21	—	4	— 60	—
Medina	21	— 52	— 43	10	+ 25	+ 67
Meigs	10	— 38	— 41	4	0	— 43
Miami	41	— 45	— 46	6	— 50	— 60
Montgomery	255	— 9	— 39	26	—	— 33
Morgan	3	— 57	— 67	2	0	+100
Morrow	3	— 73	— 70	3	—	+200
Muskingum	40	— 43	— 47	7	0	+ 40
Ottawa	17	— 26	— 32	3	+200	0
Paulding	12	— 43	— 33	1	—	— 67
Perry	11	—	— 54	2	—	0
Portage	74	+ 57	—	20	+122	—
Ross	39	+ 15	— 11	4	+ 33	0
Scioto	29	— 49	— 52	7	— 53	— 30
Seneca	28	— 7	— 42	3	— 25	— 50
Shelby	15	— 29	—	—	—	—
Stark	95	— 39	— 47	—	—	—
Summit	201	— 43	— 32	32	—	—
Trumbull	54	— 39	— 44	8	— 38	0
Van Wert	10	— 47	—	1	— 50	—
Warren	13	— 57	— 32	1	— 50	0
Washington	40	+ 29	—	4	— 20	—
Williams	26	— 26	— 48	2	—	— 71
Wood	36	— 10	—	—	—	—
Wyandot	15	+ 7	0	3	+200	+200
Actual Total	4,019	— 36	— 34	605	— 34	— 39

Hotel Business in Ohio

The percentage of rooms occupied in Ohio hotels increased from 42.2 per cent in December to 47.1 per cent

in January, an increase of 11.1 per cent for the month. As compared with January, 1931, however, the percentage of rooms occupied in January of this year declined 15.4 per cent. The average rate per room occupied in January at $2.83 was 2.2 per cent higher than in December, but the January rate was 8.7 per cent lower than in January of last year. The increase in room occupancy combined with the slight increase in the rate per room occupied resulted in an increase of 12.7 per cent in room receipts in January. As compared with December, January room receipts, however, were 24.2 per cent less than in the corresponding month of 1931. Food receipts also increased slightly in January but were 26.1 per cent less than in January, 1931.

TABLE V

INDICES OF BUSINESS OF OHIO HOTELS

Based on Average Daily Values, 1929 Equals 100
Source: Individual Reports

Item	Dec., 1931	Jan.* 1932	Change Jan., 1932 from Dec., 1931	Change Jan., 1932 from Jan., 1931
			%	%
Per Cent of Rooms Occupied	42.4	47.1	+11.1	—15.4
Av. Rate Per Room	2.77	2.83	+ 2.2	— 8.7
	Index	Index		
Room Receipts	54.4	61.3	+12.7	—24.2
Food Receipts	51.7	52.2	+ 1.0	—26.1

* Subject to revision.

Agricultural Income in Ohio

The gross cash agricultural income from 6 important sources in Ohio declined 7 per cent in January from December due primarily to declines in income from the dairy products and the poultry and eggs groups. Increases in gross cash income occurred in the meat animals, the grains, the potatoes, and the tobacco groups. As compared with January, 1931, the gross cash income from the grains groups in Ohio was relatively unchanged, but the income from all other sources declined substantially. For the major groups, the decline in the income from January of last year amounted to 16 per cent in the poultry and eggs group, 19 per cent in the dairy products group, 29 per cent in the potatoes group, 39 per cent in the meat animals group, and 46 per cent in the tobacco group.

TABLE VI

GROSS CASH AGRICULTURAL INCOME IN OHIO, JANUARY, 1932

(Average of the 60 Months 1924-1928 Equals 100)
Source: Department of Rural Economics, Ohio Agricultural Experiment Station

Commodity	Index* Jan., 1932	Change Jan., 1932 from Dec., 1931	Change Jan., 1932 from Jan., 1931
Meat Animals	48	+ 2	— 39
Dairy Products	57	— 5	— 19
Grains	39	+ 3	0
Poultry and Eggs	59	— 48	— 16
Potatoes	17	+ 42	— 29
Wool	—	—	—
Tobacco	229	+690	— 46
TOTAL	51	— 7	— 29

* Preliminary estimate and subject to later revision.

Building Vacancies in Six Ohio Cities

Building vacancies, as indicated by the percentage of gas meters idle, declined in December from November in Akron, Cincinnati, Cleveland, and Columbus, and increased in Canton and Youngstown. The declines in Akron and Cleveland were slightly greater than the usual seasonal declines in these 2 cities, but the increase in Canton was substantially greater than the 5-year average December increase, and the increase in Youngstown was in contrast with an average December decrease. As compared with December, 1930, building vacancies declined in Akron, Columbus, and Youngstown, but increased in Canton and Cleveland. For the year 1931 as compared with the year 1930, building vacancies declined in Akron and Youngstown but increased in Canton, Cleveland, and Columbus.

TABLE VII

BUILDING VACANCY IN SIX OHIO CITIES

(As indicated by percentage of gas meters vacant)
Average Month 1926 Equals 100
Source: Local Gas Companies

City	Index Dec., 1931	Change Dec., 1931 from Nov., 1931	Average Change Dec., from Nov., 1926-1930	Change Dec., 1931 from Dec., 1930	Average Jan.-Dec., 1931 Change from 1930
		%	%	%	%
Akron	64	— 5	— 4	—18	—20
Canton	230	+ 5	+ 1	+60	+48
Cincinnati*	102	— 4	—	—	—
Cleveland	29	—12	— 9	+ 7	+ 3
Columbus	141	— 1	+ 2	— 2	+ 4
Youngstown	30	+ 4	— 2	— 7	— 6

*Average month 1931 = 100.

Summary of Business Conditions in Ohio Cities

Employment declined in January from December in all the 8 chief cities of the State except Youngstown, which showed an increase of 6 per cent as compared with a 5-year average January decline of 3 per cent. The January decline from December in all the cities was due primarily to the decrease in non-manufacturing employment following the slight December increase, and to further declines in manufacturing and construction employment. The January declines ranged from 1 per cent in Dayton to 15 per cent in Stark County, of which Canton is the principal city, and amounted to 2 per cent in Akron, 3 per cent in Columbus, 4 per cent in Cincinnati and Toledo, and 5 per cent in Cleveland. In Akron, Cincinnati, and Cleveland, the January declines were greater than the 5-year average January decline for these cities. In Toledo and Stark County, the January declines were in contrast with a 5-year average January increase of 1 per cent, and in Dayton the slight decline was in contrast with the usual seasonal stability in January. Columbus was the only city in which the January employment decline was less than the 5-year average January decline, indicating slight seasonal improvement in this city.

As compared with January, 1931, total industrial employment declined in all the chief cities of the State, the declines ranging from 3 per cent in Dayton to 35 per cent in Stark County, of which Canton is the principal city, and amounted to 5 per cent in Columbus, 9 per cent in Akron, 11 per cent in Cincinnati, 12 per cent in Cleveland, 20 per cent in Toledo, and 24 per cent in Youngstown. Construction employment in January declined in all the chief cities of the State, but in 5 of the 8 chief cities—Akron, Columbus, Dayton, Toledo, and Youngstown—the January decline from December was slightly less than the 5-year average January decline. Manufacturing employment declined in all the chief cities except Columbus, Dayton, and Youngstown. The unchanged condition in Columbus in January from December represented a slight gain, since January during the past 5 years has averaged a decline of 2 per cent from December. The 7 per cent gain in manufacturing employment in Youngstown was in contrast with an average January decline of 2 per cent during the past 5-year period. The 3 per cent increase in Dayton, however, was no greater than the average January

increase, indicating no more than seasonal improvement in this city.

Following the more than seasonal increase in passenger automobile bill-of-sale registrations in December, there was a more than seasonal decline in January when registrations were 36 per cent less than in December as compared with a 5-year average decline of only 16 per cent. The January decline in bill-of-sale registrations was experienced in all the chief cities of the State and in the State outside the 8 chief cities, the declines in the cities ranging from 5 per cent in Youngstown to 50 per cent in Cincinnati, and amounting to 9 per cent in Dayton, 34 per cent in Cleveland, 39 per cent in Canton, 40 per cent in Toledo, 43 per cent in Akron, and 46 per cent in Columbus. In the State outside the 8 chief cities, the January decline amounted to 31 per cent. In Dayton and Toledo the January decline from December was in contrast with a 5-year average January increase of 13 and 14 per cent respectively, and in all the other chief cities the decline was substantially greater than the 5-year average January decline.

CHART II

INDUSTRIAL EMPLOYMENT IN OHIO AND OHIO CITIES

Average Month 1926 Equals 100

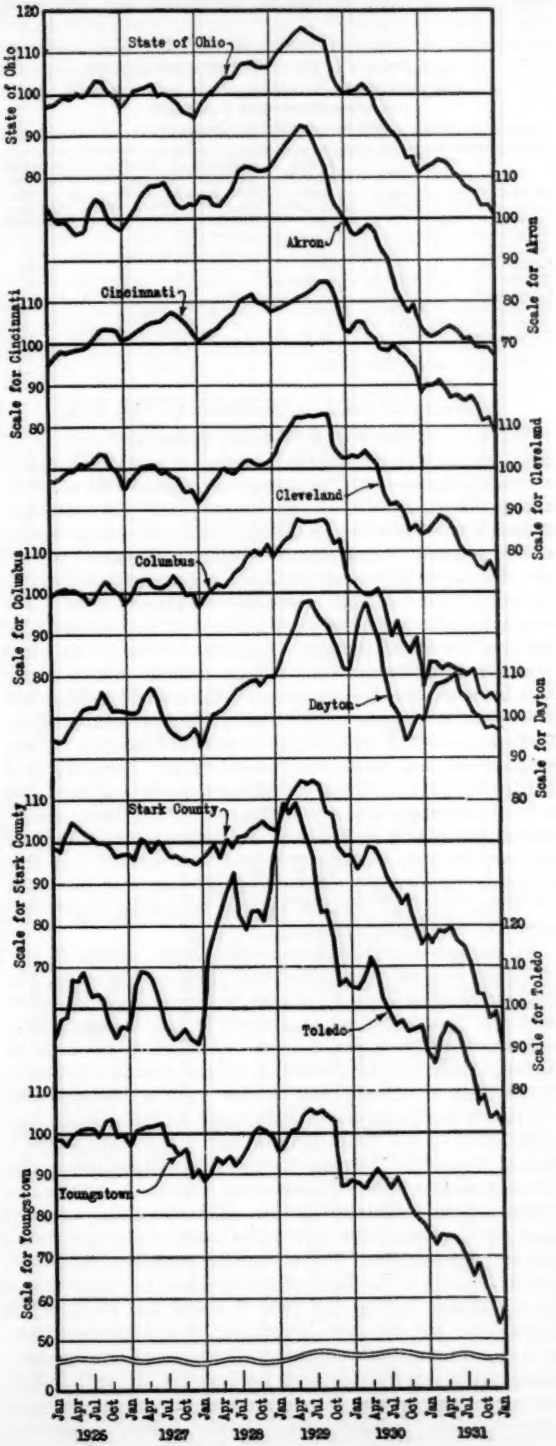


TABLE VIII

SUMMARY OF BUSINESS CONDITIONS IN OHIO CITIES

JANUARY, 1932

City	Change Jan., 1932 from Dec., 1931	Average Change Jan., from Dec., 1927-31	Change Jan., 1932 from Jan., 1931	Change Jan., 1932 from Dec., 1931	Average Change Jan., from Dec., 1927-31	Change Jan., 1932 from Jan., 1931
	Industrial Employment			Manufacturing Employment		
	%	%	%	%	%	%
Akron	— 2	— 1	— 9	— 1	+ 1	— 8
Canton	—15	+ 1	—35	— 15	+ 2	— 35
Cincinnati	— 4	— 3	—11	— 3	— 1	— 13
Cleveland	— 5	— 2	—12	— 1	+ 2	— 12
Columbus	— 3	— 5	— 5	0	— 2	— 6
Dayton	— 1	0	— 3	+ 3	+ 3	+ 3
Toledo	— 4	+ 1	—20	— 2	+ 7	— 19
Youngstown	+ 6	— 3	—24	+ 7	— 2	— 24
Other than 8 Cities	— 2	— 2	—13	— 2	— 2	— 14
STATE	— 3	— 2	—13	— 1	0	— 13
City	Construction Employment			Passenger Automobile Bills-of-Sale Filed		
Akron	— 2	—11	—52	— 43	— 21	— 32
Canton	—22	—14	—66	— 39	— 26	— 47
Cincinnati	—21	—20	—40	— 50	— 27	— 32
Cleveland	—21	—20	—46	— 34	— 4	— 27
Columbus	— 8	—19	+ 1	— 46	— 21	— 31
Dayton	—16	—27	—53	— 9	+ 13	— 39
Toledo	—19	—30	—58	— 40	+ 14	— 33
Youngstown	— 5	—10	—61	— 5	— 22	— 39
Other than 8 Cities	— 3	—19	+16	— 31	— 21	— 39
STATE	—14	—18	—35	— 36	— 16	— 34
City	Bank Debits			Value of Construction Contracts Awarded*		
				**	**	***
Akron	+ 5	— 2	—22	— 78	+ 28	— 78
Canton	+ 7	+ 5	—51	0	—	—100
Cincinnati	+ 2	+ 2	—26	— 54	0	— 17
Cleveland	+23	+ 2	—39	— 75	— 29	— 38
Columbus	+ 2	+ 2	—38	— 24	— 11	— 75
Dayton	+ 7	+15	—49	— 4	+ 26	— 93
Toledo	—10	— 5	—55	+389	+ 15	+ 90
Youngstown	+71	+ 1	—34	— 64	+ 9	— 89
Other than 8 Cities	— 1	+ 1	—40	— 16	— 14	— 22
STATE	+11	0	—38	— 44	— 6	— 38

* From F. W. Dodge Corporation.
** Change December, 1931, from November, 1931.
*** Change December, 1931, from December, 1930.

The 11 per cent increase in bank debits in the State as a whole in January from December was participated in by all the chief cities, except Toledo where the 10 per cent decline was greater than the average January decline of only 5 per cent. The 2 per cent increase in Cincinnati and Columbus was no greater than the average January increase, but the increase in all the other chief cities was either in contrast with an average January decline during the past 5-year period or greater than the average Janu-

ary increase. As compared with January, 1931, bank debits declined in all the chief cities, the declines ranging from 22 per cent in Akron to 55 per cent in Toledo, and amounting to 26 per cent in Cincinnati, 34 per cent in Youngstown, 38 per cent in Columbus, 39 per cent in Cleveland, 49 per cent in Dayton, and 51 per cent in Canton.

The 44 per cent decline in December from November in the value of construction contracts awarded in the State was substantially greater than the average December decline of only 6 per cent. The December decline was experienced in all the chief cities of the State except Toledo where the 389 per cent increase was in sharp contrast with the average December increase of only 15 per cent, and in Canton where there was substantially no change from the previous month. In the other chief cities the December declines ranged from 4 per cent in Dayton to 78 per cent in Akron, and amounted to 24 per cent in Columbus, 54 per cent in Cincinnati, 64 per cent in Youngstown, and 75 per cent in Cleveland. In Akron, Dayton, and Youngstown, the December declines were in contrast with substantial increases in December during the past 5-year period, while in Cincinnati, Cleveland and Columbus, the December declines were either in contrast with stability or greater than the average December declines during the past 5-year period.

The Trend of Business

Banking and Credit Conditions

Short-time money rates in January were somewhat firmer than in December with the exception of the rate on bankers' acceptances. The rates for long-time funds, however, were considerably easier than in December. Call money advanced to 3½ per cent at the end of December, but dropped back to 2½ per cent early in January. On February 6, the call money rate of 2½ per cent represented a decline of 9 per cent from the same date of the previous month, but an increase of 67 per cent from the corresponding date of previous year. The commercial paper rate on February 6 at 3.75 per cent was substantially the same as on the corresponding date in January, although there is usually a seasonal decline of 5 per cent for this period. The commercial paper rate on February 6, however, was 43 per cent higher than a year ago on the corresponding date. The time money rate of 3.25 per cent on February 6 represented a decline of 16 per cent from the corresponding date in January, but an increase of 63 per cent from the corresponding date of last year. The Federal reserve rediscount rate at 3½ per cent in January was uniform in all districts.

The usual seasonal contraction of the amount of currency in circulation failed to occur in January and at the end of January the amount of money in circulation was well above the October 24 peak of $5.4 billion. The amount in circulation for the week ending January 30 stood at $5.7 billion. Since no perceptible rise in business activity occurred during January and a renewed fall in commodity prices was experienced, the increase in the amount of money in circulation represents largely an increase in hoarding, although it may have been due in part to the more extensive use of currency to facilitate trading in communities where bank failures have temporarily up-set other facilities of exchanges. On February 3, the amount of money in circulation had declined to $5.6 billion, a decrease of 1 per cent from the corresponding date of the previous month, but a substantially smaller decrease than the average decline of 4 per cent for the same period during the past 5 years.

Although the rate on bankers' acceptances was reduced during January by the New York Federal Reserve Bank and the rediscount rate of two of the interior reserve banks was lowered, there was no evidence of a reversal of the recent credit policy of the Federal Reserve banks. Holdings of both Government securities and of bills bought in the open market continued to decline in January, the latter considerably more than seasonally. The amount of Government securities and of bill holdings on February 3, however, was substantially greater than on the corresponding date of last year, representing an increase of 23 per cent in the case of Government securities, and of 50 per cent in the case of bills bought in the open market. Member bank rediscounts on February 3 had increased 5 per cent from the corresponding date of January as compared with the 5-year average decline of 20 per cent for the same period of last year.

TABLE IX

BANKING CONDITIONS

(All Dollar Values in Millions of Dollars)

Sources: Federal Reserve Board and Journal of Commerce

Item	Latest Data	Change from Corresponding Period of Previous Month	Av. Change from Corresponding Period of Previous Month, 1927-31	Change from Corresponding Period of Previous Year	Year to Date Change from Corresponding Period of Previous Year
INDEX OF BANK DEBITS*, January, 1932:		%	%	%	%
Ohio	73	+ 11	0	— 38	—
United States outside of New York City	74	+ 3	— 1	— 22	—
New York City	64	— 1	0	— 24	—
INTEREST RATES: February 6, 1932:					
Call Money	2.50%	— 9	— 2	+ 67	+75
Commercial Paper (60-90 days)	3.75%	0	— 5	+ 43	+36
Time Money (4-6 months)	3.25%	— 16	— 2	+ 63	+50
New York Federal Reserve Rediscount Rate	3.50%	0	0	+ 75	+75
FEDERAL RESERVE BANK ITEMS—February 3, 1932:					
Investment in U. S. Securities	$749.0	— 2	— 9	+ 23	+19
Bills Bought in Open Market	156.1	— 43	— 15	+ 50	+17
Member Banks Rediscounts	855.2	+ 5	— 20	+284	+225
Reserve Ratio	67.1%	+ 2	+ 7	— 19	—17
LOANS TO BROKERS February 3, 1932:					
(New York City)	$ 505	— 11	— 1	— 71	—70
REPORTING MEMBER BANK ITEMS—February 3, 1932:					
Loans on Securities	5,574	— 2	— 4	— 24	—25
Loans, All Others	7,256	— 2	— 2	— 13	—13
Investments, U. S. Govt. Securities	3,925	— 3	+ 4	+ 17	+24
Investments, All Others	3,224	— 1	0	— 12	—11
Reserves with Federal Reserve Banks	1,460	— 5	— 4	— 18	—17
Cash in Vault	220	— 14	— 18	+ 1	— 5
Net Demand Deposits	11,166	— 5	— 2	— 18	—16
Time Deposits	5,746	— 2	+ 1	— 20	—18
Government Deposits	453	+ 53	— 50	+387	+211
MONEY IN CIRCULATION, February 3, 1932	5,631	— 1	— 4	+ 23	+21

* Average month 1926 = 100.

Member banks continued to liquidate loans during January and to restrict investments, and there was a continued decline in both time and demand deposits. Government deposits, however, on February 3, represented a contra-seasonal increase of 53 per cent. Brokers' loans on February 3 were 11 per cent less than on the corresponding date of January, and 71 per cent less than on the corresponding date of last year.

Construction Contracts Awarded

Construction activity in the United States fell to still lower levels in January when the 36 per cent decline from December was substantially greater than the 5-year average January decline of only 8 per cent. The total value of contracts awarded in January was 61 per cent less than in the corresponding month of last year. The December decline was characteristic of all types of construction, total building construction having declined 27 per cent and public works and utilities construction 5 per cent. In the building group, residential construction declined relatively less in January than did non-residential construction, the decline in the former amounting to 21 per cent for the month and in the latter, to 31 per cent. In all types of construction, the January declines were substantially greater than the 5-year average January declines. Only 1 of the 13 districts—the New Orleans territory—shown in Table X reported an increase. In the other districts the January declines from the previous month ranged from 7 per cent in the Southern Michigan district to 72 per cent in the Central Northwestern territory, and amounted to 12 per cent in the Chicago territory, 19 per cent in the Middle Atlantic district, 23 per cent in the Southeastern territory, 36 per cent in Metropolitan New York and Vicinity, 37 per cent in the Up-state New York district, 39 per cent in the New England district, 48 per cent in the Pittsburgh district, 51 per cent in the St. Louis territory, 52 per cent in the Kansas City territory, and 53 per cent in the Texas district. In all the districts except the Up-state New York district, the Chicago territory, and the Southern Michigan district, the January decline from December was either greater than the 5-year average January decline or in contrast with an average increase for the month, indicating, therefore, a greater than seasonal decline in all but 3 of the districts.

TABLE X

DAILY AVERAGE VALUE OF CONSTRUCTION CONTRACTS AWARDED IN 37 EASTERN STATES BY TYPES AND BY DISTRICTS

(In Hundreds)

Source: F. W. Dodge Corporation

Type and District	Jan., 1932	Change Jan., 1932 from Dec., 1931	Average Change Jan., from Dec., 1927-'31	Change Jan., 1932 from Jan., 1931
		%	%	%
TOTAL CONSTRUCTION	$33,919	— 36	— 8	— 61
By Types				
Total Building	24,297	— 27	— 16	— 52
Residential	11,002	— 21	— 21	— 47
Non-Residential	13,295	— 31	— 11	— 56
Commercial	3,639	— 12	+ 23	— 67
Educational	1,743	— 26	— 16	— 77
Factories	1,377	+ 42	— 11	— 64
Miscellaneous	6,536	— 45	— 35	— 17
Public Works and Utilities	9,622	— 50	— 6	— 74
By Districts				
New England	3,035	— 39	— 9	— 50
Metropolitan New York and Vicinity	8,175	— 36	— 27	— 60
Upstate New York	1,581	— 37	— 39	— 34
Middle Atlantic	5,182	— 19	+ 9	— 38
Pittsburgh	3,007	— 48	+ 25	— 68
Chicago Territory	3,672	— 12	— 30	— 55
Southern Michigan	1,246	— 7	— 34	— 71
Central Northwest	508	— 72	— 27	— 39
St. Louis Territory	1,623	— 51	— 4	— 52
Kansas City Territory	1,875	— 52	+ 30	— 74
Texas	1,052	— 53	+ 23	— 81
New Orleans Territory	887	+ 64	+ 72	— 87
Southeastern Territory	2,076	— 23	+ 23	— 58

The Stock Market

The stock market in January, after having established new lows for the depression on January 5, rallied moderately during the first half of the month, but by the close of the month the averages had declined to a point only slightly above the early January lows. A last-of-the-month rally carried the averages up somewhat, but on February 3 the index of 421 stocks combined was only 0.6 of one point above the index on January 6, and the index of 351 industrials had advanced only 0.4 of 1 point. The index of 33 rails, however, maintained a 3 point gain over the January low, but the index of 37 utilities stood 0.6 of one point below the previous low. Support at the February 3 level was not sustained, and all the averages except the rails and the utilities dropped to a new low for the depression on February 9. The rails on this date were still 0.8 of one point above the January low point, and the utilities were still fractionally above the January 5 average. The January upturn reflected both technical reaction from the December decline, and an optimism engendered by the President's economic program, especially the prospect of relief to banks and the railroads from the Emergency Reconstruction Corporation. Continued banking and commercial difficulties throughout January, however, combined with the lack of support from the general business situation furnish a poor foundation for a sustained upturn. Without more tangible evidence of general business stability than is yet available from the February records it is doubtful whether the upturn from the mid-month levels will be sustained.

TABLE XI

INDEXES OF COMMON STOCK PRICES

Source: Standard Statistics Company

Groups	Feb. 3, 1932	Change in Points from Jan. 6, 1932	1932 Range	
			High	Low
421 Stocks Combined	56.1	+ 0.6	60.4	55.5
351 Industrials	52.6	+ 0.4	56.7	52.2
33 Rails	35.2	+ 3.0	38.6	32.2
37 Utilities	91.2	— 0.6	97.9	91.2

Iron and Steel

Although there was a 12 per cent increase in the average daily rate of steel production in the United States in January from December, the fact that this increase was considerably less than the 5-year average increase of 17 per cent for January, and that the average daily rate of pig iron production actually declined from December for the first time since 1921, suggests that depression conditions have not yet been lifted from the steel industry. Steel operations during the first 2 weeks of February receded from the 28½ per cent of capacity rate reached during the fourth week of January to 26 per cent. With the seasonal buying of track material for railroads still lacking and the automobile industry demand extended about as far as possible without large volume buying by Ford, and with the estimates of first-quarter construction activity pointing to a decline from even the low levels of the corresponding period of 1931, the prospects for the usual first-quarter expansion in steel operations appear fairly remote.

Steel production in January was the lowest since August, 1921, but was still somewhat above the all-time low point reached in July, 1921. Pig iron operations in January were at the rate of 21.8 per cent of capacity as compared with 22 per cent in December and 23.5 per cent in November. Further price instability was experienced in the iron and steel industry in January. Finished steel prices averaged a contra-seasonal decline of 2 per cent and pig iron prices of 1 per cent, while the 2 per cent decline in heavy melting steel scrap was in contrast with a 5-year average January increase of 2 per cent. The continued weakness in the price structure, particularly the price of scrap, reflects the low demand for steel and does not furnish a stable basis for immediate expansion in production schedules.

TABLE XII

IRON AND STEEL CONDITIONS

Sources: *Steel*, *Iron Age*

Item	Jan., 1932	Change Jan., 1932 from Dec., 1931	Average Change Jan., from Dec., 1927-1931	Change Jan., 1932 from Jan., 1931
PRICES:		%	%	%
Pig Iron (per ton)	$ 14.68	— 1	0	— 8
Finished Steel (per lb.)	.02048	— 2	0	— 4
Scrap-Heavy Melting Steel (per gross ton)	8.39	— 2	+ 2	— 26
UNFILLED ORDERS, U.S. STEEL CORP.: (Tons)	2,648,150	— 3	+ 3	— 36
OPERATIONS:				
Average Daily Pig Iron Productions (tons):				
Ohio	7,353	+ 7	+ 4	— 30
United States	31,380	— 1	+ 2	— 43
Average U. S. Daily Steel Production: (tons)	56,203	+ 12	+ 17	— 38

The unfilled orders of the United States Steel Corporation continued to decline in January, although the records for the past 5 years have shown an average January increase of 3 per cent. Unfilled orders in January, 1932, were 36 per cent less than in January of last year.

Automobile Production

Both passenger automobile and truck production in the United States showed a sharp contra-seasonal increase in December from November, but the December production of passenger automobiles fell 20 per cent below the output of December, 1930, while the December output of trucks was 29 per cent less than in December, 1930. For the 12 months of 1931, as compared with the corresponding period of 1930, passenger automobile production in the United States declined 29 per cent, and truck production, 27 per cent. The January reports for the industry indicate that December production was sustained and slightly accelerated in January.

TABLE XIII

AUTOMOBILE PRODUCTION IN THE UNITED STATES AND CANADA, AND GENERAL MOTORS' SALES

Sources: U. S. Department of Commerce and General Motors Corporation

Group	Dec., 1931	Change Dec., 1931 from Nov., 1931	Average Change Dec., from Nov., 1926-30	Change Dec., 1931 from Dec., 1930	Total Jan.-Dec., 1931 Change from 1930
PASSENGER CAR PRODUCTION:		%	%	%	%
United States	96,753	+101	— 15	— 20	— 29
Canada	408	— 50	— 22	— 90	— 49
U. S. and Canada	97,161	+ 98	— 16	— 22	— 30
TRUCK PRODUCTION:					
United States	23,636	+ 20	— 17	— 29	— 27
Canada	2,024	+365	— 32	+ 45	— 33
U. S. and Canada	25,660	+ 28	— 18	— 26	— 27
SALES: GENERAL MOTORS'					
Dealers' Sales, U.S.	53,588	+ 55	—	— 8	— 11
Division Sales, U.S.	68,650	+189	—	+ 1	— 10
Division Sales, U.S. and Foreign	79,529	+171	— 18	— 1	— 8

Earnings of Corporations

The earnings of 417 corporations declined 45.3 per cent in 1931, as compared with 1930. In all but 6 of the 27 groups of concerns shown in Table XIV net profits were made, but in 20 of the 21 groups reporting net profits in 1931, the profit earned was less than in 1930. Only one of the groups, including 8 tobacco and tobacco products concerns, reported an increase in earnings from 1930. In the 20 groups reporting 1931 earnings, but a decline in earnings from 1930, the declines ranged from 6.9 per cent in 40 utilities, to 91.8 per cent in 21 industrial and agricultural machinery concerns. Earnings declines of more than 80 per cent were reported by 5 theater, motion picture, and amusement concerns, 15 iron and steel concerns, 3 railroad equipment concerns, 7 oil producing and refining concerns, and 21 agricultural and industrial machinery concerns. In addition, earnings declines of more than 50 per cent were experienced by 24 railroads, 10 paper and paper products concerns, 48 miscellaneous concerns, 47 food products concerns, and 34 building concerns. Eighteen automobile parts and tires concerns, and 3 shipping and shipbuilding concerns, that reported a small net profit in 1930, experienced a deficit in 1931, and 3 other major groups—6 electrical equipment and radio concerns, 12

TABLE XIV

PROFITS OF CORPORATIONS
YEAR 1931 COMPARED WITH YEAR 1930

(In Thousands of Dollars)
Source: Standard Statistics Company

Group	1931	1930	Per Cent Change from 1930
Advertising, Printing and Publishing (10)*	$ 13,024	$ 25,434	— 48.8
Automobiles and Trucks (7)	103,653	159,148	— 34.9
Automobiles and Trucks, Excluding General Motors (6)	6,798	8,049	— 15.6
Automobile Parts and Tires (18)	d69	80	—
Building, Real Estate and Related Lines (34)	5,889	15,487	— 62.0
Chemicals and Fertilizer (8)	61,012	66,929	— 8.8
Electricti Equipment and Radio (6)	d1,122	d49	—
Food Products (47)	26,594	84,961	— 68.7
Household Products and Supplies (10)	2,510	2,932	— 14.4
Leather and Shoes (8)	11,215	15,970	— 29.8
Machinery (Industrial and Agricultural) (21)	1,910	23,164	— 91.8
Metals (Non-Ferrous) (6)	d939	5,169	—
Miscellaneous Securities (48)	7,200	18,496	— 61.1
Oil Producing and Refining (7)	1,456	12,429	— 88.3
Paper and Paper Products (10)	3,356	7,549	— 55.6
Railroads (24)	73,746	175,330	— 57.9
Railroad Equipment (3)	521	3,742	— 86.1
Retail Trade (20)	53,349	73,659	— 27.6
Shipping and Shipbuilding (3)	d155	188	—
Steel and Iron (16)	19,771	165,943	— 88.1
Steel and Iron, Excluding United States Steel (15)	6,804	61,478	— 88.9
Sugar Producing and Refining (12)	d5,508	d2,831	—
Textile and Apparel (42)	d13,458	d5,812	—
Theaters, Motion Pictures and Amusements (5)	4,488	22,801	— 80.3
Tobacco and Tobacco Products (8)	65,085	64,386	+ 1.1
Utilities (40)	183,843	197,429	— 6.9
Miscellaneous (4)	6,247	7,762	— 19.5
Total (417)	$623,618	$1,140,296	— 45.3
Industrials (353)	$366,029	$ 767,537	— 52.3
Railroads (24)	73,746	175,330	— 57.9
Utilities (40)	183,843	197,429	— 6.9

d Deficit.
* Figures in parentheses indicate the number of companies included.

sugar producing and refining concerns, and 4 textile and apparel concerns—reporting a deficit in 1930, reported an increase in the deficit in 1931.

The 1931 earnings declines were much more severe among the industrial and railroad concerns than among the utilities. For 24 railroads, 1931 earnings declined almost 58 per cent from 1930, and for 353 industrial concerns, the 1931 earnings decline was slightly more than 52 per cent, as compared with a decline of only 6.9 per cent in the 1931 earnings of 40 public utilities concerns.

Retail Trade

The report of the Federal Reserve Board on department store sales in 229 cities of the United States showed a sales decline of 22 per cent in January from the corresponding month of 1930. The January decline in the volume of sales was experienced in all the Federal reserve districts, ranging from 13 per cent in the St. Louis District to 27 per cent in the Cleveland District, and amounting to 19 per cent in the New York and Richmond districts, 21 per cent in the Philadelphia District, 22 per cent in the Atlanta, the Minneapolis, and the San Francisco districts, 25 per cent in the Boston, the Chicago, and the Kansas City districts, and 26 per cent in the Dallas District.

The Bureau's preliminary index of dry goods sales in Ohio for January showed a decline of 55.8 per cent from December as compared with the 5-year average January decline of 52.6 per cent. The total volume of sales in January was 26.8 per cent less than in January, 1931.

The sales of 39 retail chain stores and mail order companies declined 35.1 per cent in January from December and were 12.3 per cent less than in January, 1931. The December sales decline was experienced in all of the 13 groups of retail stores, the declines ranging from 7.1 per cent in 3 restaurant chains to 68.5 per cent in one men's clothing chain, and amounting to 8.4 per cent in 10 grocery chains, 11 per cent in one furniture chain, 42.7 per cent in 3 mail order houses, 47.1 per cent in 2 shoe chains, 47.9 per cent in 3 women's apparel chains, 56.8 per cent in 2 department stores, 59.1 per cent in 10 five-and-ten-cent stores, and 63.6 per cent in one dry goods chain.

Wholesale Prices

The down trend in wholesale commodity prices which was sharply accelerated in December continued through January but at a somewhat retarded rate. Food products and farm products again led in the decline with the metals and building materials participating. Slight increases occurred in the textile products and the fuels groups. On February 2, *The Annalist* index of wholesale prices had declined 1.7 points from January 5. The January declines ranged from 0.9 of 1 point in the building materials group to 5 points in the miscellaneous group, and amounted to 1.2 points in the metals group, 2.6 points in the food products group, and 2.7 points in the farm products group. Prices in the chemicals group remained substantially unchanged in January. As compared with February 3, 1931, the all commodity index on February 2 had declined 19.3 points, and the declines by groups of commodities ranged from 4.4 points in the chemicals group to 25 points in the farm products group, and amounted to 7 points in the miscellaneous group, 8.7 points in the metals group, 14.8 points in the fuels group, 20.9 points in the food products group, 21.4 points in the building materials group, and 23.5 points in the textile products group.

TABLE XV

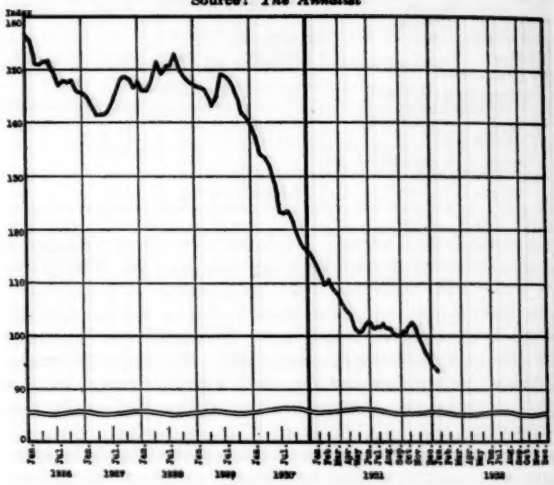
INDICES OF U. S. WHOLESALE PRICES BY COMMODITY GROUPS—FEBRUARY 5, 1932

Average Month 1913 Equals 100
Source: The Annalist

Commodities	Index Jan. 1, 1932	Index Feb. 2, 1932	Change in points from Jan. 5, 1932	Change in points from Feb. 3, 1931
Farm Products	80.1	77.4	— 2.7	—25.0
Food Products	98.9	96.3	— 2.6	—20.9
Textile Products	79.7	80.1	+ 0.4	—23.5
Fuels	123.8	124.8	+ 1.0	—14.8
Metals	98.1	96.9	— 1.2	— 8.7
Building Materials	109.0	108.1	— 0.9	—21.4
Chemicals	96.6	96.6	0	— 4.4
Miscellaneous	86.9	81.9	— 5.0	— 7.0
ALL COMMODITIES	94.7	93.0	— 1.7	—19.3

CHART III

MONTHLY AND WEEKLY INDEX OF WHOLESALE PRICES
Monthly, 1926-30; Weekly, January, 1931—January 26, 1932
Average Month 1913 Equals 100
Source: *The Annalist*



Foreign Trade and Prices

The merchandise exports of the United States declined 6 per cent in December from November, and were 33 per cent less than in December, 1930. The merchandise imports of the United States in December, increased 2 per cent from November, but were 27 per cent less than in December of last year. The excess of exports in Decem-

TABLE XVI

FOREIGN TRADE OF THE UNITED STATES AND THE UNITED KINGDOM

(In Millions)
Sources: U. S. Department of Commerce
London Times

Country	Nov., 1931	Dec.,* 1931	Change Dec., 1931 from Nov., 1931	Change Dec., 1931 from Dec., 1930	Total Jan.-Dec., 1931 Change from '30
UNITED STATES: (Dollars)			%	%	%
Merchandise Exports	$193.6	$184.0	— 5	— 33	— 37
Merchandise Imports	149.7	153.0	+ 2	— 27	— 32
Excess of Exports	43.9	31.0	— 29	— 53	— 57
Gold Exports	4.994	32.651	+554	**	+303
Gold Imports	94.430	89.509	— 5	+173	+ 55
Excess of Imports	89.436	56.858	— 36	+ 74	— 48
UNITED KINGDOM: (Pounds Sterling)					
Exports	31.9	32.1	+ 1	— 17	— 32
Imports	83.2	77.0	— 7	— 14	— 17
Excess of Imports	51.3	44.9	— 12	— 12	0

* United States figures subject to revision.
** Increase over 1000 per cent.

ber declined 29 per cent from November, and 53 per cent from December of last year. For the 12 months of 1931, as compared with 1930, merchandise exports declined 37 per cent; merchandise imports, 32 per cent; and the excess of exports, 57 per cent.

Gold exports again increased in December, but the sizable December gain was offset by a relatively large volume of imports, so that in December there still remained a considerable excess of gold imports. As compared with November, the excess of gold imports declined 36 per cent, however.

The merchandise exports of Great Britain increased 1 per cent in December from November, but were 17 per cent less than in December, 1930. The merchandise imports declined 7 per cent in December from November, and 14 per cent from December, 1930. The excess of Great Britain imports in December fell 12 per cent below the previous month, and also, below the corresponding month of 1930. For the 12 months of 1931, as compared with 1930, exports declined 32 per cent, and imports 17 per cent, while the excess of imports in 1931 was about the same as in 1930.

Wholesale prices continued to decline in January in the United States, Great Britain, and Italy. On February 6, as compared with January 9, wholesale prices had declined 1.1 points in the United States, 0.6 of one point in Great Britain, and 2.1 points in Italy. As compared with February 8, 1931, wholesale prices on February 6 had declined 12.2 points in the United States, 0.2 of one point in Great Britain, and 5.2 points in Italy.

TABLE XVII

INTERNATIONAL WHOLESALE PRICE INDICES

1926 = 100

Source: Journal of Commerce

Country	Index Jan. 9, 1932	Index Feb. 6, 1932	Change in points from Jan. 9, 1932	Change in points from Feb. 8, 1931
United States: (Fisher's)	65.3	64.2	— 1.1	—12.2
Great Britain: (Crump's)	65.7	65.1	— 0.6	— 2.0
Italy:* (Milan Chamber of Commerce)	50.0	49.7	— 2.1	— 5.2

* Figures for Italy are one week previous to the dates as indicated above.

Construction Activity in Ohio During the Fourth Quarter of 1931 and for the Year as a Whole

THE total value of construction contracts awarded in Ohio during the fourth quarter of 1931 fell 41.6 per cent below the third quarter, and 60.4 per cent below the corresponding quarter of 1930. For the year 1931, the total value of contracts awarded in the State was 43.7 per cent less than in 1930. The decline in the fourth quarter from the third quarter was experienced in all the chief cities of the State except Cleveland, which reported an increase of 17.4 per cent. The declines from the third quarter ranged from 50.7 per cent in Akron to 85.7 per cent in Dayton, and amounted to 54.1 per cent in Cincinnati, 59.9 per cent in Columbus, 67.2 per cent in Toledo, 70.2 per cent in Youngstown, and 85.4 per cent in Canton. The decline from the fourth quarter of last year was experienced in all the chief cities of the State, ranging from 54.9 per cent in Cleveland to 94.1 per cent in Dayton, and amounting to 56.2 per cent in Akron, 57.5 per cent in Cincinnati, 85.8 per cent in Toledo and Youngstown, 91.7 per cent in Columbus, and 93.2 per cent in Canton. In the State outside the eight chief cities, the decline from the third quarter amounted to 45.8 per cent, and from the fourth quarter of 1930, to 42.9 per cent. The 43.7 per cent decline in 1931 from 1930 was participated in by all of the eight chief cities, and occurred in all types of construction. In the eight chief cities the declines for the year ranged from 33.5 per cent in Cincinnati to 75.9 per cent in Toledo, and amounted to 36 per cent in Cleveland, 50.8 per cent in Youngstown, 52.9 per cent in Canton, 70.1 per

TABLE XVIII

VALUE OF TYPES OF CONSTRUCTION CONTRACTS AWARDED IN OHIO AND OHIO CITIES, FOURTH QUARTER, 1931

(In Thousands of Dollars)

Source: F. W. Dodge Corporation

City	Non-Residential Buildings								Residential Building		Public Works and Utilities		Total Construction	
	Commercial Building		Educational Building		Industrial Building		Other Non-Residential Building							
	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930	Oct.-Dec. 1931	Change from Oct.-Dec. 1930
		%		%		%		%		%		%		%
Akron	$ 102.5	— 79.0	$ 125.0	*	—	—100.0	—	—100.0	$ 110.0	— 63.4	$ 183.2	— 34.6	$ 520.7	— 56.2
Canton	12.5	— 87.0	—	—100.0	—	—100.0	—	—100.0	—	—100.0	34.0	— 85.1	46.5	— 93.2
Cincinnati	302.0	— 12.0	130.0	— 71.1	$ 98.5	— 87.0	$ 403.0	+144.8	1,356.9	— 48.6	447.9	— 78.5	2,738.3	— 57.5
Cleveland	383.5	— 95.2	—	—100.0	76.5	— 91.7	1,539.0	— 32.2	1,344.0	+ 21.2	3,749.3	+133.9	7,092.3	— 54.9
Columbus	123.7	— 39.8	43.0	— 74.7	53.0	— 61.3	—	—100.0	159.0	— 81.6	121.4	— 81.2	500.1	— 91.7
Dayton	80.0	— 95.0	—	*	52.0	+160.0	—	—100.0	128.5	— 65.7	—	—100.0	260.5	— 94.1
Toledo	308.0	+ 40.0	—	—100.0	3.0	— 95.2	—	—100.0	27.0	— 92.5	185.7	— 91.6	523.7	— 85.8
Youngstown	74.5	+ 40.6	—	*	—	—100.0	40.0	— 78.9	70.0	— 78.8	—	—100.0	184.5	— 85.8
Other than 8 Cities	698.1	— 42.5	365.7	— 48.1	394.0	— 73.8	2,048.3	+ 33.7	3,423.0	— 50.0	5,454.2	— 44.8	12,383.3	— 42.9
STATE OF OHIO.	$ 2,084.8	— 83.0	$ 663.7	— 80.0	$ 677.0	— 84.0	$ 4,030.3	— 63.8	$ 6,618.4	— 48.9	$10,175.7	— 41.2	$24,249.9	— 60.4

* None last year.

TABLE XIX

PERCENTAGE DISTRIBUTION OF TYPES OF CONSTRUCTION CONTRACTS AWARDED IN OHIO AND OHIO CITIES, FOURTH QUARTER, 1931

Source: F. W. Dodge Corporation

Type	State	Akron	Canton	Cincinnati	Cleveland	Columbus	Dayton	Toledo	Youngstown	Other than 8 Cities
	%	%	%	%	%	%	%	%	%	%
Total Construction	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL BUILDING	58.0	64.8	26.9	83.6	47.1	75.7	100.0	64.6	100.0	55.9
Residential	27.3	21.1	—	49.6	18.9	31.8	49.3	5.2	37.9	27.6
Non-Residential	30.7	43.7	26.9	34.0	28.2	43.9	50.7	59.4	62.1	28.3
Commercial	8.6	19.7	26.9	11.0	5.4	24.7	30.7	58.8	40.4	5.6
Educational	2.7	24.0	—	4.7	—	8.6	—	—	—	3.0
Industrial	2.8	—	—	3.6	1.1	10.6	20.0	0.6	—	3.2
Other Non-Residential	16.6	—	—	14.7	21.7	—	—	—	21.7	16.5
PUBLIC WORKS AND UTILITIES	42.0	35.2	73.1	16.4	52.9	24.3	—	35.4	—	44.1

cent in Columbus, 72.9 per cent in Dayton, and 73.8 per cent in Akron.

The decline from the third quarter of 1931 was experienced in all types of building, as was also the decline from the fourth quarter of 1930. Of the three larger classes of construction the greatest decline from the third quarter occurred in non-residential building, which was 50.9 per cent less than in the third quarter. Residential building declined 35.4 per cent, and public works and utilities construction, 36.7 per cent. The building group showed a relatively greater decline from the third quarter than did public works and utilities construction. As compared with the fourth quarter of 1930, the fourth quarter of 1931 showed a decline of 60.4 per cent in total construction, 41.2 per cent in public works and utilities construction, 48.9 per cent in residential building, 80 per cent in educational building, 83 per cent in commercial building, and 84 per cent in industrial building. Although the largest percentage declines occurred in commercial, educational, and industrial building, the largest declines in dollar values occurred in residential building and in public works and utilities construction. For the year 1931 as compared with 1930, the value of building contracts awarded in the State declined 48.7 per cent, and of public works and utilities contracts, 32.1 per cent. In the building group, non-residential contracts showed a relatively greater decline than did residential contracts; the decline in the case of the former being 54.1 per cent, and in the case of the latter, 37.4 per cent.

Residential building and public works and utilities construction declined during the fourth quarter of 1931 from the corresponding quarter of 1930 in all the chief cities of the State except Cleveland, which reported an increase of 21.2 per cent in residential building and of 133.9 per cent in public works and utilities construction. In the State outside the eight chief cities, both residential building contracts and public works and utilities contracts declined from the corresponding quarter of last year, the decline in public works and utilities contracts amounting to almost 45 per cent, and in residential building, to 50 per cent. For the year 1931 as compared with 1930, residential building declined in all of the eight chief cities of

TABLE XX

VALUE OF TOTAL CONSTRUCTION CONTRACTS AWARDED IN OHIO CITIES, AND OF VARIOUS TYPES OF CONSTRUCTION IN THE STATE OF OHIO

(In Thousands of Dollars)

Source: F. W. Dodge Corporation

Cities and Types	Year 1931	Change from Year 1930	Fourth Quarter 1931	Change from Third Quarter 1931
		%		%
ALL CONSTRUCTION:				
Akron	$ 4,001.9	—73.8	$ 520.7	— 50.7
Canton	1,740.3	—52.9	46.5	— 85.4
Cincinnati	26,599.5	—33.5	2,738.3	— 54.1
Cleveland	32,004.9	—36.0	7,092.3	+ 17.4
Columbus	4,701.5	—70.1	500.1	— 59.9
Dayton	3,425.8	—72.9	260.5	— 85.7
Toledo	4,888.8	—75.9	523.7	— 67.2
Youngstown	2,798.5	—50.8	184.5	— 70.2
Other than 8 Cities	97,132.8	—36.0	12,383.3	— 45.8
STATE OF OHIO:				
Total Construction	$177,294.0	—43.7	$24,249.9	— 41.6
Total Building	113,350.7	—48.7	14,074.2	— 44.7
Residential	45,048.2	—37.4	6,618.4	— 35.4
Non-residential	68,302.5	—54.1	7,455.8	— 50.9
Commercial	17,068.8	—60.7	2,084.8	— 45.7
Educational	13,472.1	—53.5	663.7	— 74.2
Industrial	14,479.0	—60.1	677.0	— 78.3
Other Non-Residential	23,282.6	—42.1	4,030.3	— 28.9
Pub. Works & Util.	63,943.3	—32.1	10,175.7	— 36.7

TABLE XXI

VALUE OF TYPES OF CONSTRUCTION CONTRACTS AWARDED IN OHIO AND OHIO CITIES, YEAR, 1931

(In Thousands of Dollars)

Source: F. W. Dodge Corporation

City	Non-Residential Building								Residential Building		Public Works and Utilities		Total Construction	
	Commercial Building		Educational Building		Industrial Building		Other Non-Residential Building							
	Year 1931	Change from 1930	Year 1931	Change from 1930	Year 1931	Change from 1930	Year 1931	Change from 1930	Year 1931	Change from 1930	Year 1931	Change from 1930	Year 1931	Change from 1930
		%		%		%		%		%		%		%
Akron	$ 1,360.5	— 18.4	$ 125.0	— 90.9	$ 94.0	— 87.3	$ 200.0	— 92.4	$ 1,010.5	— 79.9	$ 1,211.9	— 68.5	$ 4,001.9	— 73.8
Canton	402.0	— 61.8	—	—100.0	449.0	+241.4	171.7	+ 53.3	318.8	— 75.1	398.8	— 58.2	1,740.3	— 52.9
Cincinnati	1,854.2	— 81.0	1,526.1	— 47.0	2,113.0	— 8.2	2,007.7	— 58.8	9,452.0	— 28.7	9,646.5	+ 39.8	26,599.5	— 33.5
Cleveland	5,829.6	— 60.2	1,038.3	— 59.9	5,786.0	— 18.8	5,030.8	— 34.6	4,689.0	— 39.9	9,631.2	— 5.3	32,004.9	— 36.0
Columbus	1,031.2	+ 9.5	128.0	— 91.1	274.5	— 50.7	370.7	— 92.8	2,053.9	— 52.8	843.2	— 74.4	4,701.5	— 70.1
Dayton	278.8	— 93.5	300.0	+102.2	313.0	— 28.0	1,144.1	— 71.0	1,212.5	— 24.3	177.4	— 92.1	3,425.8	— 72.9
Toledo	1,186.0	— 17.2	357.5	— 92.5	1,156.0	— 80.7	259.0	— 90.7	1,135.0	— 44.3	845.3	— 75.1	4,888.8	— 75.9
Youngstown	875.0	— 37.2	235.0	*	23.0	— 97.1	797.3	— 42.0	740.3	— 49.4	127.9	— 80.6	2,798.5	— 50.8
Other than 8 Cities	4,301.5	— 48.4	9,762.2	— 37.5	4,270.5	— 76.6	13,301.3	+ 14.0	24,486.2	— 30.6	41,061.1	— 34.5	97,132.8	— 36.0
STATE OF OHIO	$17,068.8	— 60.7	$13,472.1	— 53.5	$14,479.0	— 60.1	$23,282.6	— 42.1	$45,048.2	— 37.4	$63,943.3	— 32.1	$177,294.0	— 43.7

* None last year.

TABLE XXII
PERCENTAGE DISTRIBUTION OF TYPES OF CONSTRUCTION CONTRACTS AWARDED IN OHIO AND OHIO CITIES, YEAR, 1931
Source: F. W. Dodge Corporation

Type	State	Akron	Canton	Cincinnati	Cleveland	Columbus	Dayton	Toledo	Youngstown	Other than 8 Cities
	%	%	%	%	%	%	%	%	%	%
Total Construction	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL BUILDING	63.9	69.7	77.1	63.7	69.9	82.0	94.8	82.7	95.4	57.8
Residential	25.4	25.3	18.3	35.5	14.7	43.7	35.4	23.2	26.5	25.2
Non-Residential	38.5	44.4	58.8	28.2	55.2	38.3	59.4	59.5	68.9	32.6
Commercial	9.6	34.0	23.1	7.0	18.2	21.9	8.1	23.2	31.3	4.4
Educational	7.6	3.1	—	5.7	3.2	2.7	8.8	7.3	8.4	10.1
Industrial	8.2	2.3	25.8	7.9	18.1	5.8	9.1	23.7	0.8	4.4
Other Non-Residential	13.1	5.0	9.9	7.6	15.7	7.9	33.4	5.3	28.4	13.7
PUBLIC WORKS AND UTILITIES	36.1	30.3	22.9	36.3	30.1	18.0	5.2	17.3	4.6	42.2

the State and in the State outside the eight chief cities, and public works and utilities construction declined in all the cities except Cincinnati, which reported an increase of 39.8 per cent. Dayton was the only city of the State to show an increase in industrial building from the fourth quarter of 1930, and Youngstown, the only city to show an increase in commercial building. For the year as a whole, Cincinnati showed a substantial increase from 1930 in industrial building, Dayton in educational building, and Columbus in commercial building. With these three exceptions, however, commercial, educational, and industrial building for the year as a whole was less than in 1930 in all the chief cities of the State and in the State outside the eight chief cities.

The percentage distribution of the several types of construction in Ohio and in the eight chief cities of Ohio during the fourth quarter of 1931 is shown in Table XIX. For the State as a whole, 58 per cent of the value of total construction was traceable to building construction, and 42 per cent to public works and utilities. Of building construction, slightly more than 30 per cent was traceable to non-residential construction, and slightly more than 27 per cent to residential construction.

Although building construction constituted only 58 per cent of the total value of construction in the State, it constituted a substantially larger percenage of the total in all of the eight chief cities except Canton and Cleveland. In Dayton and Youngstown, building construction accounted for 100 per cent of the total fourth quarter construction. In the State outside the eight chief cities, building construction accounted for about 56 per cent of the total. The variation among the cities in the relative importance of public works and utilities construction during the fourth quarter is also striking. This type of construction ranged from 16.4 per cent of the total in Cincinnati to 73.1 per cent of the total in Canton, and amounted to 24.3 per cent of the total in Columbus, 35.2 per cent in Akron, and 35.4 per cent in Toledo, while Dayton and Youngstown reported no public works and utilities construction during the fourth quarter. Residential building, although accounting for 27 per cent of the total of the State, accounted for only 5.2 per cent of the total in Toledo, 18.9 per cent of the total in Cleveland, and 21.1 per cent of the total in Akron, but for 31.8 per cent of the total in Columbus, 37.9 per cent of the total in Youngstown, and 49.6 per cent of the total in Cincinnati. Commercial building, while representing only 8.6 per cent of the total value of contracts awarded in the State, represented a substantially larger proportion of the total in all the cities except Cleveland, where commercial building was only 5.4 per cent of the total building. In Toledo, however, commercial building represented 58.8 per cent of the total, and in Youngstown, 40.4 per cent of the total.

Viva Boothe

The Reconstruction Finance Corporation and Amendments to the Federal Reserve Act

The emergency Glass bill reported for immediate passage is composed of certain generally acceptable provisions of the more comprehensive measure to be considered at a later time and certain emergency provisions inspired by current credit conditions. This special bill presented with administration approval provides that groups of five members of the Federal Reserve banking system may join in a request for a loan from the Federal Reserve Bank in their district and deposit satisfactory collateral with a trustee for the group. The loan may be granted by the District Federal Reserve on the approval of not less than six members of the Federal Reserve Board on the basis of the promissory notes of the member banks involved. When the proceeds of the loan are distributed to the members of the group, their individual notes must be secured by collateral acceptable to the group.

It is further provided that an individual member of the Federal Reserve Banking system may receive a loan from a Federal Reserve bank on the basis of acceptable collateral other than that now acceptable, provided that the loan shall have the approval of not less than six members of the Federal Reserve Board. No securities of corporations organized under the authority of foreign governments and no securities of foreign governments are acceptable collateral for such loans. This privilege is to be restricted to banks having not to exceed $500,000 capital. The administration advocates will doubtless wish to remove this limitation before the bill is passed. Governor Meyer of the Federal Reserve Board wishes that body to be authorized to extend at its discretion the one year period to which the amendment is limited.

The most important provision, however, is the one mak-

ing it lawful for the Federal Reserve bank to issue notes against U. S. bonds in addition to those issued against commercial paper. The 40 per cent gold reserve will still be required, but heretofore there has been a complete gold coverage for those Federal Reserve notes not issued against commercial paper. There is at present about $1,000,000,000 of gold held as complete coverage collateral against Federal Reserve notes. This gold may be released by the amendment and the notes may be issued against U. S. Bonds instead.

Meantime, the Reconstruction Finance Corporation has been created with an authorized capital of $500 million and the right to issue debentures amounting to $1.5 billion. In connection with establishing its loan agency at Minneapolis it issued Circular No. 1, indicating the conditions upon which loans would be made to the following agencies: Banks, savings banks, trust companies, mortgage loan companies, federal land banks, joint stock land banks, federal intermediate credit banks, credit unions, agricultural credit corporations, and live stock credit corporations. It has also issued Circular No. 2 in regard to loans to railroads and loans to railroad receivers.

It is clear that the amendment to the Federal Reserve Act and the Reconstruction Finance Corporation are designed mainly to relieve the distressed condition of the banks and to restore credit institutions to a more liquid position. The loans which may be made to the railroads will have a more direct bearing on broadening the demand for commodities and directly stimulating business activity than the loans to the banks. The extent to which the checking of bank liquidation by placing banks in a more liquid position may act as a stimulus to business activity is still problematical. The checking of bank failures will, of course, be a more potent factor in causing a cessation of hoarding than any of the hortatory admonitions which may be directed to that end. But the processes by which hoarded money and the newly authorized bank notes may become effective stimulants to the broadening of business enterprise are slower and more uncertain in their effect than measures such as loans to railroads or for large scale construction. The question arises as to how soon the activity of the Reconstruction Finance Corporation will so restore the liquidity of building and loan and first mortgage institutions that they will extend loans for new construction and the broadening of private enterprise. The investor will be lead astray if he assumes that the stock market and business activity will now be quickly restored to normal proportions. The measure is doubtless a constructive one for the purpose of checking bank failures and retarding the present tendency toward liquidation and contraction. It will, however, take some time for the recuperative forces to exert an important stimulus to business activity.

It must, of course, be anticipated that the bankers themselves will maintain an ultra-conservative attitude toward credit extension. Those who are thinking of the new measures as inflationary will probably be disappointed. There must gradually develop an increase in the purchasing power of buyers either for consumption or capital purposes before an upturn in business activity can develop. These are the processes which will probably require considerable time for development.

In a period of expanding credit such provisions as those contained in the amendment to the Federal Reserve Act would provide for an expansion in excess of that otherwise available. It is doubtless anticipated, however, that the one year limitation provides against such a possibility and that the provision makes credit available roughly equal to that already subtracted by hoarded money. The amendment is probably based on the further supposition that there will be such recovery within one year that banks using U. S. bonds as a basis for their request for Federal Reserve notes will have the commercial paper available for substitution and hence will not need to contract their credit for the purposes of the shift, or that the hoarded funds will have returned to their accustomed channels so that the banks will be able to make such contractions as the circumstances may require.

The fact that the Bank of France gave notice of its purpose to withdraw its balances from this country indicates that it has some fear of the proposed measure from the inflation point of view. If there were a sound prospect of the amendment's bringing the measure of prosperity that is expected of it, there might be some cause for the alarm that the anti-inflationists are experiencing. It seems likely, however, that the measure will have value in bringing credit institutions into a more liquid position and that its influence in causing business revival will be disappointingly slow. It should, however, improve the business outlook. *S. B.*

Advisory Economic Councils

The interest in economic planning in the United States has led to some recent studies of the operation of economic planning bodies in other countries.[a] It should be said in the beginning that European governments have carried out the major part of such economic planning as has been done in other countries. The Cartels found in certain industries abroad have exercised considerable control over the industries affected. Moreover, the German government has made certain decrees reducing prices and wages with a view of stimulating exports and competing in foreign trade with countries going off the gold standard. The taxes on sales in France have given that country an interest in retail prices. Wholesale prices in France showed drastic decline for more than a year before a decline in retail prices set in. The economic councils abroad, however, have devoted themselves more to matters of economic policy than to cooperating in the immediate control of economic activity. Since the European councils arose partly from a dissatisfaction with the economic policies of European legislatures, the legislative bodies have shown some jealousy of the influence of these councils and some disposition to show only a meager recognition of their activities. The National Council of Supreme Economy in Russia is, of course, in direct control of economic activity and does not fall under the heading of advisory councils. The War Industries Board in the United States was, during the war, an advisory council, but was rather of the type which gave advice concerning government control of industry

[a] *See* Lorwin's *Advisory Economic Councils*, The Brookings Institution, Washington, D. C.

during the war and industrial cooperation with the government program of industrial production. The European councils, however, are not analogous to that body.

One of the outstanding European councils is the German Provisional Economic Council, which developed as a post-war advisory body in economic matters. It was provided by the Weimar Constituent National Assembly in Article 165 of the constitution.

Instead of following in detail the constitutional provision, the government set up on May 4, 1920, by decree, a Provisional Economic Council, consisting of 326 members representing employers, employees, and various business and industrial groups. The council works mainly through committees and only 110 members of the council are active members. There are three standing committees: The Economic Policy Committee, the Committee on Social Policy, and the Committee on Financial Policy. The council has a technical staff consisting of a director, three assistants, and a clerical force of seven.

Proposed bills bearing on economic matters are frequently referred to the Council by cabinet members, and the Council refers the matter to the appropriate committee. After the bill has been referred for study and report, it is taken up by a committee, and the committee report is passed on by the Council. The council has a budget of 700,000 to 800,000 reichmarks per annum. It has made studies and reports on "Rationing of Food Supplies," on "Reparations," on "Inflation as Related to Foreign Trade," etc.

Other councils will be discussed in later issues.

S. B.

Book Reviews

Handbook of Business Administration, by The American Management Association, The McGraw-Hill Book Company, New York City, 1753 pp., $7.00.

In an encyclopediac fashion the editor, Dr. W. J. Donald, Executive Director of the American Management Association, has sought to bring together the wide variety of management and administrative items accumulating over the past decade in the archives of his association.

The articles—many comparatively condensed—are drawn from a variety of papers, addresses and articles prepared for presentation at the numerous meetings and conventions of the American Management Association and of its specialized sub-divisions dealing with production, personnel, finance and markets. The material assembled is arranged under convenient functional classifications, each major part of the text having an introductory article designed to unify the inevitably heterogeneous mass of material into some intelligible and helpful pattern.

The text succeeds far enough in this effort to make the material conveniently accessible to practitioners seeking precedents or guidance. For the novice or the student the book is less useful. Its repetitiousness, lack of sharp and precise definition, excessive rationalizations are bound to leave such persons unsatisfied and confused. The blame for this does not, to be sure, rest upon the editor who after all was compelled to work with what was given him. But chief defects of all such compilations is the inescapable lack of unity such as could be achieved were a single richly informed author to comb this mass of material and present it organized around some one central viewpoint.

Certainly the book deserves its place in the manager's library no less than does the Engineer's handbooks, for its profession.

Automotive Industry, John W. Scoville, Chrysler Corporation, Detroit, 18 pp.

This booklet of 18 pages contains a mine of valuable statistics on the trends of production, consumption, life and prices of automobiles, and forecasts some improvement in the demand for cars in 1932. It is recommended to those interested in the development of the automobile industry.

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